



Imputed Income Tax Information

For Retiree Life Insurance Coverage of \$50,000 or More

If you receive County-provided Basic Life Insurance equal to or greater than \$50,000 in any months of any given year, then the value of the coverage is considered imputed income and is taxable income to you.

Each year, the County's Payroll Department calculates the annual imputed income amount and reports it to the IRS on your W-2, which is mailed to homes in late January. The amount is shown on the W-2 in one of the lines of Box 12 with a code "C" (see sample at right).

Form W-2 Wage and Tax Statement		
9		
12a	C	37.08
12b	M	2.30
12c	N	0.54
12d		

IMPORTANT! The amount in Box 12 (code "C") is not the amount of tax that is owed; it is the amount on which the recipient will be taxed.

Your imputed income is based on the number of months in the year in which your Basic Life Insurance amount is equal to or greater than \$50,000. The following example assumes that imputed income applies in all 12 months of the year.

Example

Basic Life Insurance amount:	\$70,000
Amount that is over the tax threshold of \$50,000:	\$20,000
Estimated <u>monthly</u> imputed income amount (on the \$20,000):	\$8.98
Estimated <u>annual</u> imputed income amount to be reported:	\$107.76
	(\$8.98 x 12 months)

In this example, you would not owe \$107.76. Instead, you would owe taxes on the amount of \$107.76, depending on your tax bracket and any other applicable factors.

Where to find the face value of your life insurance: The face value of your retiree life insurance can be found with your retirement paperwork or your latest annual confirmation statement.

This information is not a substitute for a professional assessment of your individual situation. Please consult a professional tax advisor regarding how this applies to you.